

**MINUTES OF THE REGULAR MEETING OF THE  
ARIZONA STATE RETIREMENT SYSTEM BOARD**

**HELD ON  
Friday, March 17, 2000  
9:00 A.M., M.S.T.**

The Arizona State Retirement System (ASRS) Board met in the Board Room of the ASRS office at 7660 East Broadway Boulevard, Suite #108, Tucson, Arizona 85710-3776. Mr. Jim Jenkins, Chairman, Arizona State Retirement System Board called the meeting to order at 9:03 A.M., MST.

The meeting was teleconferenced to the ASRS office, 14<sup>th</sup> Floor Conference Room, 3300 North Central Avenue, Phoenix, Arizona 85012.

**1. Call to Order; Roll Call**

Present: Mr. Jim Jenkins, Chairman  
Mr. Jim Bruner  
Dr. Merlin DuVal  
Mr. Alan Maguire (via teleconference call)  
Mr. Norman Miller  
Mr. Karl Polen (via teleconference call)  
Mr. Ray Rottas

Excused: Dr. Chuck Essigs, Vice Chairman

A quorum was present for the purpose of conducting business.

**2. Approval of Minutes of the February 18, 2000, Regular Meeting of the Arizona State Retirement System Board**

**Motion:** Dr. Merlin DuVal moved to approve the minutes of the February 18, 2000, Regular Meeting of the Arizona State Retirement System Board.

Mr. Norman Miller seconded the motion.

By a vote of 7 in favor, 0 opposed, 0 abstentions, 1 excused, the motion was approved.

**3. Board Approval of Consent Schedule**

**Motion:** Dr. Merlin DuVal moved that the ASRS Board approve the Summary Report of Retirements, Refunds, and Death Benefits; System Transfers, and Extension of Contracts with the following Investment Managers:

Brandywine	Small Cap Active Equity
Dimensional Fund Advisors	Small Cap Active Equity

Axe-Houghton	Small Cap Active Equity
Mellon Capital Management	Small Cap Passive Equity
Conseco Capital Management	Mid Cap Active Equity
Mellon Equity	Mid Cap Active Equity
State Street Global Advisors	Mid Cap Passive Equity
Barclays Global Investors	Tactical Asset Allocation
Mellon Equity	Large Cap Active Equity
JP Morgan	Large Cap Active Equity
Barclays Global Investors	Large Cap Passive Equity

Mr. Norman Miller seconded the motion.

By a vote of 7 in favor, 0 opposed, 0 abstentions, 1 excused, the motion was approved.

4. **Presentation, Discussion and Appropriate Action Regarding the Performance of International Managers for the Period Ending December 31, 1999**

Mr. Terry Dennison, Principal, Mercer Investment Consulting, Inc., reported on the Investment Manager's performance for Axe-Houghton & Associates, Bank of Ireland, BGI Barclays Global Investors, Brandes, and Capital Guardian Trust Company for the period ending December 31, 1999.

Mr. Seth Lynn, President reported on Axe-Houghton & Associates' performance for the period ending December 31, 1999.

	<b>Quarter</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>Inception (5/2/92)</b>
<b>Net Return</b>	19.0	32.9	17.8	14.2	14.7
<b>Benchmark</b>	17.1	27.3	16.1	13.2	13.6
<b>Total Value Added to the ASRS</b>	<b>1.9</b>	<b>5.6</b>	<b>1.7</b>	<b>1.0</b>	<b>1.1</b>

Mr. Michael McCarthy, Senior Portfolio Manager and Ms. Lelia Long, Senior Vice President reported on Bank of Ireland's performance for the period ending December 31, 1999.

	<b>Quarter</b>	<b>1 Year</b>	<b>Inception (9/30/98)</b>
<b>Arizona Portfolio Net of Fees</b>	21.4%	17.1%	4.3%
<b>MSCI EAFE Index</b>	32.6%	27.3%	5.3%
<b>Total Value Added to the ASRS</b>	<b>46.1%</b>	<b>41.1%</b>	<b>5.0%</b>

Mr. Peter Landin, Managing Director reported on BGI Barclays Global Investors' performance for the period ending December 31, 1999.

	<b>Quarter</b>	<b>1 Year</b>	<b>3 Years</b>	<b>Inception (5/31/96)</b>
<b>EAFE Equity Index Fund (Net)</b>	16.76%	27.00%	15.84%	13.75%
<b>MSCI EAFE Gross Index</b>	17.05%	27.30%	16.06%	13.97%
<b>Total Value Added to the ASRS</b>	<b>-0.29%</b>	<b>-0.30%</b>	<b>-0.22%</b>	<b>-0.22%</b>

Mr. Charles Brandes, Managing Partner and Mr. Louie Nguyen, Associate Portfolio Manager reported on Brandes' performance for the period ending December 31, 1999.

<b>Net Return</b>	<b>Quarter</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>Inception (9/30/98)</b>
<b>ASRS</b>	22.60%	52.80%	N/A	N/A	59.10%
<b>Benchmark</b>	17.10%	27.30%	N/A	N/A	41.00%
<b>Total Value Added to the ASRS</b>	<b>5.50%</b>	<b>25.50%</b>	<b>N/A</b>	<b>N/A</b>	<b>18.10%</b>

Mr. Lionel Sauvage, Senior Vice President and Mr. Michael Nyeholt, Vice President, Client Relations reported on Capital Guardian Trust Company's performance for the period ending December 31, 1999.

	<b>Quarter</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>Europe Inception</b>	<b>EAFE Inception</b>
<b>ASRS Net Return</b>	34.1	73.6	39.4	32.0	23.9	82.3
<b>Benchmark Return</b>	17.1	27.3	26.5	24.7	18.6	41.0
<b>Total Value Added Relative to Benchmark</b>	<b>17.0</b>	<b>46.3</b>	<b>12.9</b>	<b>7.3</b>	<b>5.3</b>	<b>41.3</b>

## 5. Director's Report

Mr. Tom Finnerty, ASRS Legislative liaison, gave a brief overview of the current legislation and reported on the status of several Senate and House bills.

## 6. Board Requests for Agenda Items.

There were no Board requests for agenda items.

## 7. Call to the Public.

There were no requests to speak from either the Tucson or Phoenix public.

8. **The next Regular ASRS Board meeting is scheduled for Friday, April 21, 2000, at 9:00 a.m. in the 10<sup>th</sup> Floor Board Room of the ASRS Office, 3300 North Central Avenue, Phoenix, Arizona 85012.**
9. **Adjournment of the ASRS Board.**

Mr. James Jenkins, Chairman, adjourned the March 17, 2000, regular meeting of the ASRS Board at 10:38 A.M.

Respectfully submitted,

Stephanie Marries, Secretary Date \_\_\_\_\_

LeRoy Gilbertson, Director Date